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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

0-35384

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For quarter ended March 31, 1992

Commission file number 2-79912

HARBOR BANCORP

(Exact name of registrant as specified in its charter)

California	95-3764395
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

11 Golden Shore
Long Beach, CA 90802

(Address of principal executive offices)

(310) 491-1111

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No Other N/A

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common stock, no par value - 1,151,819 shares as of May 13, 1992

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HARBOR BANCORP AND SUBSIDIARIES

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ITEM I: FINANCIAL INFORMATION

HARBOR BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (Unaudited)	December 31, 1991
	(000's omitted)	
ASSETS		
Cash and due from banks	$ 28,376	$ 16,275
Federal funds sold and securities purchased under resale agreements	26,200	21,800
Cash and cash equivalents	54,576	38,075
Time certificates of deposit	397	397
Investment securities (market value of $16,982,290 in 1992 and $16,738,583 in 1991)	17,310	16,723
Loans	108,805	102,314
Less allowance for possible loan losses	1,157	1,029
Net loans	107,648	101,285
Bank premises and equipment:		
Land	159	159
Buildings and improvements	3,704	3,692
Furniture, fixtures and equipment	2,856	2,846
	6,719	6,697
Less accumulated depreciation and amortization	4,377	4,263
	2,342	2,434
Other real estate	203	197
Accrued interest receivable	1,190	985
Other assets	900	898
Total assets	$184,566	$160,994

(Continued)

HARBOR BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Continued)

	March 31, 1992 (Unaudited)	December 31, 1991
	(000's omitted)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Interest bearing	$ 74,401	$ 76,643
Noninterest bearing	95,781	70,291
Total deposits	170,182	146,934
Accrued expenses and other liabilities	881	929
Total liabilities	171,063	147,863
Commitments and contingencies	-	-
Stockholders' equity:		
Common stock, no par value; 5,000,000 shares authorized; issued and outstanding, 1,097,155 shares in 1992 and 1,096,384 shares in 1991	11,284	11,279
Retained earnings	2,384	1,990
Net unrealized mutual fund losses	(165)	(138)
Total stockholders'equity	13,503	13,131
Total liabilities and stockholders' equity	$184,566	$160,994

See notes to unaudited consolidated financial statements.

HARBOR BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended March 31, (000's omitted, except per share data)	
	1992	1991
Interest income:		
Interest and fees on loans	$ 3,059	$ 2,669
Interest on U.S. government and agency obligations	256	294
Interest on obligations of states and political subdivisions	15	19
Interest on other investments	24	23
Interest on federal funds sold and securities purchased under agreements to resale	180	75
Total interest income	3,534	3,080
Interest expense:		
Interest on deposits	739	1,006
Total interest expense	739	1,006
Net interest income	2,795	2,074
Provision for possible loan losses	129	39
Net interest income after provision for possible loan losses	2,666	2,035
Other operating income:		
Service charges on deposit accounts	214	213
Loan servicing fees and other fees and charges	36	42
Gain (loss) on sale of securities	(1)	-
Total other operating income	249	255

(Continued)

HARBOR BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(Continued)

	Three Months Ended March 31, (000's omitted, except per share data)	
	1992	1991
Noninterest expense:		
Salaries, wages and employee benefits	832	824
Occupancy expenses	501	473
Equipment expenses	130	118
Data processing expenses	79	85
Other operating expenses	672	468
Total noninterest expense	2,214	1,968
Income before taxes based on income	701	322
Provision for taxes based on income	307	144
Net income	$ 394	$ 178
Earnings per share	$ 0.36	$ .18

See notes to unaudited consolidated financial statements.

HARBOR BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31, (000's omitted)	
	1992	1991
Operating activities:		
Net income	$ 394	$ 178
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for depreciation and amortization	142	130
Provision for possible loan losses	129	39
(Increase) in interest receivable	(205)	(194)
Increase (decrease) in interest payable	(19)	3
Other	(36)	(13)
Net cash provided by operating activities	405	143
Investing activities:		
Proceeds from maturities, sales and calls of investment securities	345	114
Purchases of investment securities	(978)	-
Net decrease in loans	(6,491)	(1,234)
Capital expenditures	(22)	(15)
Other real estate	(6)	-
Net cash used in investing activities	(7,152)	(1,135)

(Continued)

HARBOR BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Continued)

	Three Months Ended March 31, (000's omitted)	
	1992	1991
Financing activities:		
Net increase in commercial and other demand deposits, savings and money market deposits and certificates of deposit	23,248	9,909
Net cash provided by financing activities	23,248	9,909
Increase in cash and cash equivalents	16,501	8,917
Cash and cash equivalents at beginning of period	38,075	18,627
Cash and cash equivalents at end of period	$54,576	$27,544

See notes to unaudited consolidated financial statements.

HARBOR BANCORP AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

March 31, 1992

1. Summary of Significant Accounting Policies:

Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ending December 31, 1992.

Certain reclassifications have been made in the 1991 financial statements to conform to the presentations used in 1992.

The balance sheet on December 31, 1991 has been derived from the audited financial statements at that date. The accompanying notes are an integral part of these financial statements.

Principles of consolidation

Harbor Bancorp ("HB") was formed on July 23, 1982. The unaudited condensed consolidated financial statements include all the accounts of HB and its wholly-owned subsidiaries, Harbor Bank, Harbor Bank Properties and HB Funding. All intercompany accounts and transactions have been eliminated.

Investment securities

Investment securities - securities which the Company has the ability and intent to hold until maturity - are stated at cost adjusted for amortization of premiums and accretion of discounts, except for mutual funds which are carried at the lower of aggregate cost or market. The decision to sell such securities is based on management's assessment of changes in economic or finan-

cial market conditions, interest rate risk, and the Company's financial position and liquidity. The adjusted cost of the specific security sold is used to compute gain or loss on the sale of investment securities.

Allowance for possible loan losses

The allowance for possible loan losses represents management's recognition of the quality of the loan portfolio. The allowance is maintained at a level considered to be adequate for potential loan losses based on management's assessment of various factors affecting the loan portfolio, which includes a review of problem loans, business conditions and the overall quality of the loan portfolio.

The allowance is increased by the provision for possible loan losses charged to operations and reduced by loans charged off to the allowance, net of recoveries.

Other Real Estate

Other real estate is stated at the lower of cost or market.

Bank premises and equipment

Bank premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets which range from 10 to 30 years for buildings and improvement and 3 to 10 years for furniture, fixtures and equipment.

Earnings per share

Earnings per share was computed by dividing net income by the weighted average number of common and common stock equivalents (stock options) outstanding during each period. The number of shares used in the per share calculations for the periods ended March 31, 1992 and 1991 were 1,097,155 and 994,905 respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Harbor Bancorp's ("Company") performance during the first three months of 1992 has continued to be satisfactory despite general economic uncertainty. The purpose of the following discussion is to focus on the above mentioned performance standards and other information about the Company's financial condition and results of operations which is not otherwise apparent from the consolidated financial statements included in this quarterly report. Reference should be made to those statements and the condensed financial data presented herein for an understanding of the following discussion and analysis.

Financial Condition

During the first three months of 1992, the Company sustained strong growth in loan volume coupled with a corresponding increase in liquidity which has resulted in total assets of the Company increasing from $160,994,000 at December 31, 1991 to $184,566,000 at March 31, 1992. This increase of $23,572,000, or 14.6%, in total assets occurred primarily in cash and cash equivalents and loans. Cash and cash equivalents increased $16,501,000, or 43.3%, from $38,075,000 at December 31, 1991 to $54,576,000 at March 31, 1992. This increase in cash and cash equivalents is a result of seasonal and economically-generated fluctuations in escrow and title company demand account balances coupled with moderate growth in core deposits. Loans increased $6,491,000, or 6.3%, from $102,314,000 at December 31, 1991 to $108,805,000 at March 31, 1992. The modest increase in loan volume is primarily a result of the Company's decision to maintain a conservative posture with respect to real estate lending in view of the current economic environment coupled with strong loan demand.

Substantially all of the Company's deposits are local, core deposits. The Company does not have any out-of-area brokered deposits included in the deposit base. Total deposits increased $23,248,000, or 15.8%, for the first quarter of 1992. The primary component of this increase is noninterest bearing deposits which increased $25,490,000, or 36.3%, from $70,291,000 at December 31, 1991 to $95,781,000 at March 31, 1992.

Liquidity and Interest Rate Sensitivity Management

The primary functions of asset/liability management are to assure adequate liquidity and maintain an appropriate balance between interest sensitive earning assets and interest bearing liabilities. Liquidity management involves the ability to meet the cash flow requirements of customers who may be either depositors wanting to withdraw funds or borrowers who may need assurance that sufficient funds will be available to meet their credit needs. Interest rate sensitivity management seeks to avoid fluctuating interest margins and to enhance consistent growth of net interest income through periods of changing interest rates.

Historically, the overall liquidity of the Company has been enhanced by a significant aggregate amount of core deposits. As described in the analysis of financial condition, the Bank has not relied on large-denomination time deposits.

To meet short-term liquidity needs, the Bank has maintained adequate balances in federal funds sold, certificates of deposits with other financial institutions and investment securities having maturities of five years or less.

Liquid assets (cash, federal funds sold and securities purchased under agreements to resale, deposits in other financial institutions and investment securities) as a percent of total deposits are 42.5% and 37.6% as of March 31, 1992 and December 31, 1991, respectively.

The Bank intends to continue maintaining federal funds sold at a level of at least $3 to $4 million on average.

Interest rate sensitivity varies with different types of interest-earning assets and interest-bearing liabilities. Harbor Bank intends to maintain interest-earning assets, comprised primarily of both loans and investments, and interest-bearing liabilities, comprised primarily of deposits, maturing or repricing evenly in order to eliminate any impact from interest rate changes. In this way, both assets and liabilities can be substantially repriced simultaneously with interest rate changes.

The impact of inflation on a financial institution differs significantly from that exerted on an industrial concern, primarily because its assets and liabilities consist primarily of monetary items. The relatively low proportion of the Company's fixed assets to total assets reduces both the potential of inflated earnings resulting from understated depreciation charges and the potential of significant understatement of absolute asset values. However, inflation does have a considerable indirect impact on banks, including increased loan demand, as it becomes necessary for producers and consumers to acquire additional funds to maintain the same levels of

production, consumption and new investments. Inflation also frequently results in high interest rates which can affect both yields on earning assets and rates paid on deposits and other interest-bearing liabilities. The Company monitors inflation rates to insure that ongoing programs are compatible with fluctuations in inflation and resultant changes in interest rates.

Results of Operations

The Company reported net income of $384,000, or $0.36 per share, for the three months ended March 31, 1992, compared to net income of $178,000, or $0.18 per share, for the same period in 1991.

Net interest income is an effective measurement of how well Management has balanced the Company's interest rate sensitive assets and liabilities as well as optimizing the allocation of resources.

Net interest income of $2,795,000 for the three months ended March 31, 1992, reflects an increase of $721,000, or 34.8%, from $2,074,000 for the same period of 1991. Net interest income in the first quarter of 1992 includes approximately $541,000 of interest recognized on a loan which had previously been on nonaccrual status.

The provision for possible loan losses increased $90,000 for the three months ended March 31, 1992 compared to the same period in 1991. The decrease in the provision for possible loan losses is primarily a result of loan volume and the quality of the loan portfolio.

During the first quarter of 1992, the Company continued to focus on controlling noninterest expense. The focus on noninterest expense control began with a corporate commitment in 1989 and, today, continues to be emphasized and enforced. As a result of this continued effort, total noninterest expense categories of salaries, wages and employee benefits, occupancy expense, equipment expense and data processing expense increased only $42,000, or 2.8%, during the three months ended March 31, 1992 over the same period in 1991. Other operating expense increased $204,000 during the three months ended March 31, 1992 compared to the same period in 1991 with most of the increase in the area of legal and professional fees and FDIC insurance premiums.

Risk Elements

The policy of Harbor Bank is that all loans except trust deed secured loans that are past due for ninety (90) days and all loans secured by deeds of trust that are past due for one hundred twenty days must be placed on non-accrual status. At March 31, 1992, loans on non-accrual status were $4,080,000, or 3.7%, compared to $2,861,000, or 2.8%, of total loans on non-accrual status at December 31, 1991. Accruing loans which are contractually past due ninety (90) days or more were $17,000 at March 31, 1992 compared to $77,000 at December 31, 1991.

At March 31, 1992, the management was not aware of information regarding performing loans which would cause them to have serious doubts as to the ability of the borrowers to comply with loan repayment terms, nor are they aware of any trends which might have a material impact on future operating results.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

Due to the nature of their business, the Company, the Bank, and their subsidiaries are subject to legal action threatened or filed which arise from the normal course of their business. Management believes that the eventual outcome of all currently pending legal proceedings against the Bank will not be material to the Company's or the Bank's financial position or results of operations.

ITEM 2. Changes in Securities

None

ITEM 3. Defaults Upon Service Securities

None

ITEM 4. Submission of Matter to a Vote of Security Holders

None

ITEM 5. Other Information

None

ITEM 6. Exhibits and Reports on Form 8-k

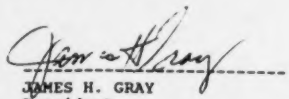
None

PART III. SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

HARBOR BANCORP

Dated: May 15, 1992



JAMES H. GRAY
President

Dated: May 15, 1992

MELISSA LANFRE'
Vice President & CFO